

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



February 1, 2014

The Honorable Edmund G. Brown, Jr.  
Governor, State of California  
State Capitol  
Sacramento, CA 95814

Gregory Schmidt  
Secretary of the Senate  
State Capitol  
Sacramento, CA 95814

E. Dotson Wilson  
Chief Clerk of the State Assembly  
State Capitol, Room 3196  
Sacramento, CA 95814

Diane F. Boyer Vine  
California Legislative Counsel  
State Capitol, Room 3021  
Sacramento, CA 95814

**Re: Transmittal of Public Utilities Commission Report on the California Solar Initiative-Thermal (CSI-Thermal) Program Incentives pursuant to Public Utilities Code 2867.1(b) (Statutes of 2012, Chapter 607)**

In compliance with the above-referenced statute, please find our report entitled *Review of the Incentive Levels and Progress of the California Solar Initiative-Thermal Program*.

The attached report was prepared by the California Public Utilities Commission's Energy Division staff and is our attempt to determine "whether the rebate levels established by the commission will be sufficient to spur investment to reach the program goal of installing 200,000 solar water heating systems in homes, businesses, and other buildings or facilities receiving natural gas service throughout the state by 2017."

The report describes the background of the CSI-Thermal Program, its launch in 2010, its avoided gas consumption targets, the funding available, and the customer sectors involved. It describes the step-down incentive program design, whereby higher incentives are offered early in the program, to be lowered as the program progresses. The report finds that there has been moderate success with multifamily and commercial installations, but very little participation among single-family customers, despite incentive levels being raised by the Commission in 2012. It also notes that achievement of the overall goal is unlikely, although the new offering of incentives for non-single-family swimming pools may spur greater program participation. Finally, the report discusses possible options for future program modifications.

If you have any questions regarding the subject matter of the attached report, please contact Edward Randolph, Energy Division Director, at (415) 703-2083 or [edward.randolph@cpuc.ca.gov](mailto:edward.randolph@cpuc.ca.gov).

Sincerely,

Paul Clanon  
Executive Director

cc: Hon. Darrell Steinberg, President pro Tempore, California State Senate  
Hon. John Perez, Speaker, California State Assembly  
Hon. Alex Padilla, Chair, Senate Committee on Energy, Utilities & Communications  
Hon. Steven Bradford, Chair, Assembly Committee on Utilities & Commerce  
Mark Newton, Legislative Analyst's Office  
Kathy Madison, Department of Finance  
Sue Johnsrud, Governor Edmund G. Brown, Jr., Administrative Services